

Draft Audit report

6.2 Auditor General Report 2023/24

I have audited the financial statements of the George Municipality set out on **pages 6 to 144**, which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

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Prior Year Annual Report 2023/24

I have audited the financial statements of the George Municipality set out on **pages 6 to 165**, which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies

Draft Audit report

23. I performed procedures to test whether:

- *the indicators used for planning and reporting on performance can be linked directly to the Municipality's mandate and the achievement of its planned objectives;*
- *the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements;*
- *the targets can be linked directly to the achievement of the indicators and are specific, time-bound and measurable to ensure that it is easy to understand what should be delivered and by when the required level of performance as well as how performance will be evaluated;*
- *the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents;*
- *the reported performance information is presented in the annual performance report in the prescribed manner; and*
- *there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.*

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Prior Year Annual Report 2023/24

23. I performed procedures to test whether:

- *the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives*
- *all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included*
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Draft Audit report

Other reports

As a result of S106 investigations into allegations and other misconduct, further investigations are being conducted by an independent consultant at the request of the Municipality. At the date of the auditor's report, the investigation is still in progress.

Prior Year Annual Report 2023/24

Other reports

Stemming from section 106 investigations, into allegations and other misconduct of municipal officials, further investigations are being conducted by the Directorate for Priority Crime Investigation. At the date of the auditor's report the investigation is still in progress.

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Draft Audit report

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected objectives and on the Municipality's compliance with selected requirements in key legislation.

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for the selected objective and on the Municipality's compliance with respect to the selected subject matter.

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Prior Year Annual Report 2023/24

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected objectives and on the municipality's compliance with selected requirements in key legislation.

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MFMA: Municipal Budget & Reporting Regulations, 2009

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Division of Revenue Act 5 of 2022

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MFMA: Municipal Supply Chain Management Regulations, 2017

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Municipal Systems Act 32 of 2000

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MSA: Municipal Planning and performance Management Regulations, 2001

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Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)

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MSA: Municipal Staff Regulations, 2021

Audit Report

Report on the financial statements

322 In my opinion, the financial statements present fairly, in all material respects, the financial position of the George Municipality as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the **Division of Revenue Act 5 of 2023** (Dora).

Audit Report

Unaudited supplementary schedules

323 The supplementary information set out on **pages 166 to 168** does not form part of the financial statements and is presented as additional information. We have not audited these schedules and, accordingly, we do not express an opinion on them.

Audit Report

Responsibilities of the auditor-general for the audit of the financial statements

323 A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at **page seven (7)**, forms part of our auditor's report.

Audit report
Other information in the annual report

325 My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

Audit Report
Compliance with legislation - selected legislative requirements

328 Municipal Finance Management Act No. 56 of 2003 (MFMA)

Audit Report
Compliance with legislation - selected legislative requirements

328 Division of Revenue Act 5 of 2023

Audit Report
Compliance with legislation - selected legislative requirements

328 Municipal Systems Act 32 of 2000

Audit Report
Compliance with legislation - selected legislative requirements

328 MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006

Audit Report
Compliance with legislation - selected legislative requirements

329 MSA: Municipal Staff Regulations, 2021

Audit Report
Compliance with legislation - selected legislative requirements
MSA: Municipal Planning and Performance Management Regulations, 2001

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Audit Report
Compliance with legislation - selected legislative requirements

330 MFMA: Municipal Supply Chain Management Regulations, 2017

Audit Report
Compliance with legislation - selected legislative requirements

330 Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)

Error/Inconsistency	What should be recorded	Status	Auditor's Comments
Inconsistency	The page numbers should aligned to the prior year annual report details, unless prior year was incorrect	This statement is a direct statement of the AG, and does not refer to the pages of the Annual Report, but that of the Financial Statement which was audited. The page numbering of the statements are independent as they are annexures to the annual report and are not numbered as part of the annual relport	Not addressed. Refer to the attached annual Report
Inconsistency	The performed procedure omitted should be included in the final Annual report as it was a procedure performed in the prior year	Disagree - It is our position that the procedures performed by AG in auditing whether for the current reporting year or previous year need not be included on the annual report. Please indicate if this position is inconsistent with the requirements of C63. This comment is also unclear in that it refers to an omitted procedure, and it is unclear how the AG's procedure was omitted according to the highlighted section. i.e number 23 of the AG report	Not addressed. Refer to the attached annual Report
Inconsistency: Resolved	The wording need to be corrected to ensure consistency	This statement is directly from the AG's report and is not changed in any way to maintain the language and message that the AG is communicating.	Resolved
Inconsistency	The second paragraph on Draft should be removed. The paragraph was not included in the prior year annual report	addressed	Addressed

	some of the sections included in the draft were not included in the prior year annual report.		
Inconsistency	Management should ensure alignment. Prior year report did not provide specifics to section 1. The whole of section one for MFMA was scoped in.	disagree - Please refer to the correct approved prior year report	Not addressed. Refer to the attached annual Report
Inconsistency Resolved	The compliance requirements should be as per the prior year report. The report was specific on the relevant sections. These are the details that should be included - Regulations 71(1)(a), 71(1)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), 72©	disagree - Please refer to the correct approved prior year report	Not addressed. Refer to the attached annual Report
Inconsistency	The act and section included is incorrect. The following section should be included. - Division of Revenue Act 5 of 2023 The following section should be included. - Section 12(5), 16(1)	disagree - Please refer to the correct approved prior year report	Not addressed. Refer to the attached annual Report
Inconsistency	The compliance requirements should be as per the prior year report. The report was specific on the relevant sections. The following regulation were omitted: - 19(b) The following should be removed, it was not included in the prior year - 28(1)(a)(ii)	disagree - Please refer to the correct approved prior year report	Not addressed. Refer to the attached annual Report
Inconsistency	The draft Annual report included the following listed sections which were not included in the prior year draft annual report. Therefore they should be removed for consistency. - Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 42 and 57(4B)	disagree - Please refer to the correct approved prior year report	Not addressed. Refer to the attached annual Report
Inconsistency	The following sections were omitted, which should be included: - Sections 54A(1)(a),		
Inconsistency	The draft Annual report included the following listed regulations which were not included in the prior year draft annual report. Therefore they should be removed for consistency. - Regulations: 2(1)(e), 2(3)(a), 12(1), 15(1)(a)(i),	disagree - Please refer to the correct approved prior year report	Not addressed. Refer to the attached annual Report
Inconsistency	The draft Annual report included the following listed sections which were not included in the prior year draft annual report. Therefore they should be removed for consistency. - Section 2.1 (b)	disagree - Please refer to the correct approved prior year report	Not addressed. Refer to the attached annual Report
Inconsistency	The Municipal Staff Regulation 2021 was included in the 2023/24 Annual report. However in the Draft annual report it not included. This should be included to ensure consistency	page number? This is on page 330 Of the 2023/24 Final Annual Report	Not addressed. Refer to the attached annual Report

Error	The division of revenue Act documented is incorrect. The Division of Revenue Act 24 of 2024 (Dora) should be documented to align with the signed audit report	Addressed	Addressed
Inconsistency	The page number of unaudited supplementary schedule is incorrect. The page number should be 166 - 169 to align with the details in the audit report and information in the AFS annexure	Addressed	Addressed
Inconsistency	The page number reference is incorrect. This page number is per the audit report issued to the Municipality. The page should align to the annual report. Therefore the page number should be changed to 326 to 327	Addressed	Addressed

Inconsistency	<p>Paragraph 35 should read as follows to align with the audit report: My opinion on the financial statements and my reports on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.</p>	Addressed	Addressed
Inconsistency	<p>The draft annual report omitted the following sections: - section 33(1)(c)(ii), 53(1)(c)(iii)(bb), 112(1)(j), 122(2),126(1)(b), - Section 165(1), 165(2)(a), 165(2)(b)(ii), 165(2)(iv), 165(2)(b)(v), 165(2)(b)(vii) - Section 166(2)(b), 166(2)(a)(iv), 165(5)</p> <p>The following section should be removed, they were not included in the audit report: - section - 62(1)(f)(i), 62(1)(f)(ii), 62(1)(f)(iii), 66(1)(b),112(1)(o)</p>	Addressed.	Partial addressed. Section highlighted in bold still not included
Inconsistency	<p>The division of revenue act documented is incorrect and does not align with the one on the audit report. This applicable to also the section of the act.</p> <p>The following act should be included - Division of Revenue Act 24 of 2024 The following sections should be included - Sections 11(6)(b), 12(5), 16(1), 16(30)</p>	Addressed	Addressed
Inconsistency	<p>The following sections were omitted on the Draft Annual report, they should be included: - Section 25(1), 26(a), 26(c), 26(h), 26(l), 29(1)(b)(ii), 42, 45(a), 57(4B), 57A,</p>	Addressed	Not addressed
Inconsistency	<p>The following regulations were omitted, they should be included to align with the audit report - Regulation 26(5), 27(4)(a)(i)</p>	Addressed	Addressed
Inconsistency	<p>The following regulations were omitted, they should be included to align with the audit report - Regulation 19, 35(1)</p>	Addressed	Addressed
Inconsistency	<p>The following regulations were omitted, they should be included to align with the audit report - Regulation 2(1)(e), 2(3)(a), 12(1), 14(1)(b)(iii), 14(1)(c)(ii), 14(4)(a)(i), 14(4)(a)(iii), 15(1)(a)(i)</p>	Addressed	Addressed
Inconsistency	<p>The following regulation should be removed, they were not included in the audit report - 3(6)(a),</p>		
Inconsistency	<p>The following regulation should be removed, they were not included in the audit report - Regulation 13(c)(i), 19(b), 22(1)(b), 29(5)(b)(ii),</p> <p>The following regulation were incorrectly captured. - They were captured as:</p>	Addressed	Addressed
Inconsistency	<p>The following section should be removed to align with the audit report - Section 1(i),</p>	Addressed	Addressed

page Number	Documented Details	Error/Inconsistency	What should be recorded	Status	Comments back from AG
	Table 99: Quarterly reporting				
124	Quarter 2 is 24 January 2025, however when we inspect the s52 it is 25 January that the MM and mayor signed Table 99: Quarterly reporting	inconsistency	25 Jan 25	addressed	
124	Quarter 3 is 16 April 2025, however when we inspect the s52 it is 17 April 2025 that the MM and mayor signed Table 104: Service provider performance per directorate	inconsistency	17 Apr 25	addressed	
141	T/ING/018/2023 contract value is R45 327 339,94 in annual report. Amount does not agree with the contract register. Amount as per the register is R 52 536 495,77	error	R52 536 495,77	addressed	
144	Table 106: Basic service delivery The following indicators the comparative figures does not agree to the APR: - The number of households with accessto basic levels of water. 2023/24 figure is 38 293. Does not agree with the comparative in the APR. The comparative in the APR is 38 287 - The number of households with accessto basic levels of electricity. 2023/24 figure is 48 388. Does not agree with the comparative in the APR. The comparative in the APR is 45 881 - The number of indigent account holdersreceiving free basic water. 2023/24 figure is 11 306. Does not agree with the comparative in the APR. The comparative in the APR is 11 300 - The number of indigent account holdersreceiving free basic electricity. 2023/24 figure is 17018. Does not agree with the comparative in the APR. The comparative in the APR is 16 196	error	See cell B5	addressed	The ones in red has not been updated, please see audited APR of 2024/25 and 2023/24 the first one in red has been updated, however its been updated as 38 278 instead of 38 278 - the last two has not been updated